

RECIPROCITY

A RETROSPECT

PUBLISHED BY
CENTRAL INFORMATION OFFICE
OF THE
CANADIAN LIBERAL PARTY
OTTAWA, CANADA, 1915

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The EDITH and LORNE PIERCE
COLLECTION of CANADIANA



Queen's University at Kingston

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RECIPROCITY—*A Retrospect*

The reciprocity agreement arrived at between the Canadian Liberal Government and the United States in 1911 was one of the greatest issues ever submitted to the people of Canada. At this period of time from the settlement of the question a better perspective can be obtained, and perhaps clearer views. We propose to review the subject briefly with the object of placing the Liberal party on record in its proper light.

Historical Review.

First then Canada got its first good start in trade as a result of the treaty of reciprocity which was in force from 1854 to 1866. Trade between the two countries quadrupled during these 12 years. Unfortunately the Treaty was abrogated by the United States at the close of the American War due to the idea held at Washington that Canada had sympathized with the South, in that great struggle. The discontinuance of trade on reciprocal terms with the United States undoubtedly gave Canada a very bad blow, and the most strenuous efforts were made to secure a renewal of the treaty. One of the chief arguments used in bringing about the Federation of our Provinces was that if they were united they would be able to make stronger efforts towards securing a new treaty. The **first** customs tariff enacted after Confederation by the Government then headed by Sir John Macdonald, contained a standing offer of reciprocity to the United States, which was maintained on the Statute books of the country with slight variations from time to time, almost continuously down to 1907.

In 1869 and 1871, first Sir John Rose, Conservative Minister of Finance and next Sir John Macdonald himself, went to Washington to try to negotiate a treaty, but without success. Honourable George Brown, Liberal Minister, following in 1874, obtained a treaty, which however was not approved of by the United States Congress.

The famous National Policy of Sir John Macdonald, introduced in 1878, contained a clause that the country should move towards reciprocity of Tariffs with our neighbours and eventually to procure reciprocity of trade. This clause was legislatively crystalized in the new Conservative tariff of 1897, which contained a permanent offer of reciprocity on all the staple products of the farm, including animals and the productions thereof, fruits, florists' stock, fish, lumber, coal and coke.

In 1887, Sir Charles Tupper declared in the House of Commons that both the Imperial Government and the Government of Canada were doing all in their power to obtain a reciprocal trade agreement with the United States. In 1888, he went to Washington for the purpose, but again failure was the result. Before leaving on his mission he said:

"The people of Canada understand that the Liberal-Conservative party as a whole are still ready to make a fair trade agreement with the United States whenever the United States are ready to enter into such an agreement."

When he returned from Washington, he said *inter alia*:

"I feel that it is only right to say that the effort to obtain the freest possible commercial intercourse between Canada and the United States consistent with the rights and interests of the two Governments is a policy that does not belong to one party alone but it is the property of both parties of this country."

In the late '80's and early in the last decade of the 19th century the question of reciprocity became a burning one in Canadian politics, and, feeling that something had to be done, Sir John Macdonald stole a march on his opponents by appealing to the country, long before the actual expiration of his term of office, for a mandate to negotiate a treaty with the United States. The public were then given to understand that an offer for negotiations had come from the then Secretary of State at Washington, Mr. J. G. Blaine.

The policy of the Liberal party then was unrestricted reciprocity with the United States. Sir John, chiefly by his clever tactics, got the mandate he wanted from the people, but unfortunately passed away before he accomplished anything towards the object in view. But Honourable George E. Foster and others of the Government went to Washington in October, 1891, and again in 1892, without achieving any success.

In 1894, Mr. Foster incorporated in the new tariff then promulgated an offer to the United States of free fish, eggs, shingles and pulp wood, green apples, beans, buckwheat, peas, potatoes, rye, rye flour, hay and other vegetables, barley and Indian corn. Speaking in Parliament about this offer he said:

"When they (the people of the United States) look over the items in our tariff as it shall have passed this House, they will find that line after line, article after article, grade after grade, we have given them better chances to get into our market than they have given us to get into their market; consequently legislative reciprocity so far as trade is concerned shines out from the proposition that the Government put before the House to-day in a far greater degree than it does out of the legislation which they have proposed and which is in progress through their Congress."

In 1893, the Liberal party in convention adopted a plank favouring reciprocity, the gist of which was:

"That a fair and Liberal reciprocity treaty would develop the great natural resources of Canada, would enormously increase the trade and commerce between the two countries, would tend to encourage friendly relations between the two peoples; would remove many causes, which have in the past provoked irritation and trouble to the Government of both countries and would promote those friendly relations between Canada and the Republic which afford the best guarantee for peace and prosperity."

Shortly after the Liberals came into office in 1896 a commission consisting of representatives from the United States and Canada sat at Quebec and at Washington, for many months endeavouring to reach a settlement of all outstanding matters in dispute between the two countries and especially to arrive at a trade agreement. This commission unfortunately failed to reach an agreement. It is generally understood that the

stumbling block was not the trade question so much as the settlement of the Alaska Boundary question.

Nothing further transpired until 1910, when President Taft sent Commissioners to Canada to discuss trade relations between the two countries. The final result was the agreement reached at Washington in 1911 providing for reciprocity of tariff agreement on a wide range of natural products and only on a few manufactured goods.

Farmers Demanded It.

To add to that record, the farmers of the country from the Atlantic to the Pacific, who were chiefly concerned, through their chosen representatives, unqualifiedly advocated reciprocal free trade in horticultural, agricultural and animal products, spraying materials, fertilizer, fuel and lubricating oils, cement, fish and lumber, agricultural implements and machinery. Resolutions to this effect were presented to Parliament in the House of Commons in December, 1910, by a delegation of farmers nearly 1,000 strong from all parts of the country.

Conservative Press Favorable.

In the face of the foregoing, surely it was only natural to expect that the long and much sought for trade arrangement with the United States, which had been secured by the Liberal Government would have been hailed with the greatest satisfaction not only by both political parties, but by the whole people of the country. As a matter of fact, it was at first received generally with great pleasure. The Toronto News, Conservative, wrote:

"It amounts practically to free trade in natural products between Canada and the United States; it means a second market for Canadian farmers; it means that the price of Canadian produce will be determined by the American market; it means if expectations are realized, that Canadian farmers at certain seasons will receive better prices for at least a part of what they produce."

"It must be generally admitted that in its reciprocity agreement with Washington, the Ottawa Government has kept the Prime Minister's promise to maintain the protection which the tariff affords the manufacturers of Canada."

The Ottawa Journal, Conservative, wrote:

"Beyond reasonable doubt, Mr. Fielding has succeeded in getting a reciprocity agreement with the United States Executive very desirable from the Canadian point of view.

"If Congress accepts it, an excellent thing, we think, will have been accomplished for this country."

"For more than half a century it has been the desire and effort of Canada to have an agreement with the United States such as that that has just been negotiated by Mr. Fielding. Liberal Leaders have often gone further, the Conservative Leaders never came to any idea of anything less. The only reason why the people on this side ceased to bother about it was that nobody thought any possibility existed of our getting it."

A few days later, the Ottawa Journal returning to the subject wrote:

"If reciprocity should not happen to promote the prosperity of Canada it will be that the more advantageous trade with the United States fails to develop from it, in which case there will certainly be no injury to British connection. If, on the contrary, it be followed by notable commercial advantage, why would our prosperous condition tend to make us discontented with the Imperial affiliations under which the prosperity was present."

The Ottawa Citizen, Conservative, February 1st, 1911, said:

"It is obvious that Canadian agricultural interests have been given access to a new market of the United States.

"It is a matter for congratulation that the new reciprocity negotiations have wiped out to a great extent the old time restrictions."

The Edmonton Journal, Conservative:

"It is of first rate importance to our producers to ship grain, cattle, potatoes, dairy produce, etc., to the American market."

The "Interests" Oppose It.

In Parliament the Conservatives were dumb-founded; they were completely taken unawares; they had no idea whatever that such a good trade arrangement would be secured; and they foresaw that the success of their opponents in obtaining it meant disaster to Conservative political hopes. Some of them from the West could not refrain from applauding, as Mr. Fielding unfolded the terms of the agreement to the House of Commons. But a swift change came over the spirit of the scene! Powerful railway interests and banking interests supporting them (rumour said to the point of impending calamity to themselves) professed to see in the arrangement a menace to their enterprises; the ever active and virile Canadian Manufacturers' Association thought they saw their old bogey, the thin edge of the wedge to destroy protection. Quickly a tremendously powerful combination of these strong interests was formed and a campaign entered upon which in rancor, unscrupulousness, dishonesty of purpose, malevolence, corruption and political caballing has never been approached in the political history of the country.

The first problem the combination of interests had to tackle was the attitude of Mr. Borden, the Conservative Leader, who was at first disposed to believe that the Liberal Government would be returned to power on the strength of the agreement. The bludgeon, in the shape of a threat to take the leadership away from him, had to be used to subdue him and bring him to a proper frame of mind. Following that came determined and rabid opposition in Parliament and afterwards on the hustings. The merits of the trade agreement were minimized, pooh-poohed, distorted and generally treated with scorn. It was of no avail to show that in return for opening up our market in natural products of seven million people we got for our farmers, fishermen, fruit-growers, and lumbermen, a free market of ninety million people right at our doors, where, judged by the past records of trade, better prices in general prevailed—a market which was greatly needed then and would become more and more needful, as the agricultural heritage of Canada became developed; it was useless to cite the historic advocacy of both political

parties to a treaty of reciprocity; idle to show that the policy was in the highest interests of both producers and consumers, and that extended markets never hurt a producer. The fiat of the "interests" had gone forth that the pact had to be defeated at all costs.

Conservative Tactics.

The Conservatives, realizing that they had the monied interests of the country with them, advanced by rapid stages from luke-warmness to enthusiasm, and in the course of the campaign exhibited all the political tricks for which they are historically famous. It was anything to beat Laurier. The most despicable and effective of these devices was the old Tory dodge of flag-waving. The Union Jack was brought into unholy requisition. The Liberals were disloyal, they claimed, and their real motive was to annex us to the United States; the reciprocity pact would prevent us from getting a preference for our products in the British market, and it minimized the preference we gave to Britain. The British born who had been in Canada only a few years and were, therefore, unacquainted with the political history of the country, were especially appealed to. A political writer and glib speaker of British birth, who for years was the advertising agent of one of the principal railways, and who did not even know the rudiments of the question was hired to stampede the unwary Britisher. No more discreditable use of the sacred sentiment of loyalty was ever made, and it will ever stand to the discredit of the Conservative party.

Nor did they stop at the reciprocity agreement. Loudly professed champions of Empire though they were, they entered into a cabal with the Nationalist element in Quebec who had denounced the Laurier naval policy, or any naval policy, and practically would not countenance any aid along that line to the Empire. It is now a matter of history that the Conservative forces and the Nationalists worked hand in hand in Quebec and that the enormous Conservative campaign fund financed the Nationalists.

The Ne Temere Decree was dragged in, and on the side lines in the Protestant Counties of Ontario it was whispered that Laurier was the real author of it. Last but not least the Tory corruption fund, which was of enormous proportions, was utilized to the utmost.

What do you think of such tactics? What can you think of Mr. Borden, who countenanced them and rode into power through them? What can you think of him, who on the one hand posed as a defender of the Imperial faith and on the other, formed an alliance with a body antagonistic to all Imperialistic ideas.

Obviously the Liberal party was badly handicapped in the election. The interests, with their money were all powerful and could not be off-set by appeals to pure reason. Then again the Liberal party had been a long time in office, and consequently suffered from the time worn, but strange to say effective cry, "It is time for a change." It may be too that they were over-confident in the strength of their cause.

Underlying the whole campaign was the treachery of great interests who had been justly and fairly treated by the Liberals, but who felt that they did not get enough and were desperately in need of more, as the banks who were supporting them knew to their cost. Indeed if well

authenticated rumour can be believed, it was a question of life and death both to these interests and to certain banks. They absolutely needed a better milking Parliamentary cow, and how better could they go about it than by putting into office another party, which, on its own strength, was not entitled to the honour.

Conservative Arguments Refuted.

Throughout all the welter of flag flapping, appeals to prejudice and the wave of corruption some attempts were made to argue the questions. These we shall deal with now.

It was gravely contended that entering into the agreement would prevent the British people from giving us a preference if they wished to do so. Nothing of the kind! Rank nonsense! In the first place the British preference for Canadian products was very remote, and if ever given it will be on natural products such as were covered by the United States agreement, which would mean another string to our farmers' bow. There was nothing in the agreement with the United States preventing Great Britain from giving us such a preference. If the grant of a preference by Great Britain meant that we had to give her something more than we had given already, it surely would not be given on natural products, which Great Britain does not produce for export. In short, the argument was foundationless and was only intended to confound the British born and the ultra Canadian loyalist. It came, too, with ill grace from the Conservative party, which consistently denounced the preference granted to Britain by the Liberal Government, voted against it, and declared it would be subversive of Canadian interests.

It was argued by reason of the operation in Canada of favoured nation treaties entered into by Great Britain about 12 countries would be entitled to the same privileges as the United States and Canada. This list of countries was enlarged by Conservative orators to mean the whole world. Sir Wilfrid Laurier punctured this bubble by showing that the countries concerned shipped us trifling amounts and not articles covered by the Treaty to any appreciable extent. Moreover, he showed that he had taken steps to conserve Canadian interests on this point by securing the unanimous passage at the Imperial Conference held in June, 1911, in London, of the following resolution moved by himself:

"That His Majesty be requested to open negotiations with the several Foreign Governments having Treaties which applied to Over-Seas Dominions with a view to securing liberty for any of these Dominions which may so desire to withdraw from the operation of the Treaty without impairing the Treaty with respect to the rights of the Empire."

Next it was asserted that reciprocity would prove of no benefit to Canada because prices for farm produce are higher in Canada than in the United States. Almost in the same breath it was stated that reciprocity would entirely ruin our East and West or Inter-Provincial trade. It is obvious that these assertions are contradictory. Every Canadian producer wants to sell his produce in the highest market. If the United States market should prove not to be as good as the home

market then surely he would not sell there and how then would Inter-Provincial trade be destroyed?

The necessity of making the farmers of the West ship to the East, to supply the markets there and his over-plus to Great Britain, was hammered into the people with great force—that was what the railway interests contributed their money for. They over-looked entirely that the teaching of economic literature of all times, of trade methods all over the world, and, of common sense even, show that the best natural market is the one most contiguous to the producer. In one breath they declared the Canadian market was the best for the Canadian producer, and, in the next, asserted that the **free** United States market lying in many instances hundreds of miles nearer to the Canadian producer than the best Canadian markets was not a good natural market. They rammed it down the farmers' throats that it was detrimental to him to have three markets,—Canada, Great Britain and the United States, for his produce instead of two, the home market and Great Britain. What producer in the world was ever hurt by having a plenitude of markets? Think seriously of it for a moment. What was the offer to us? The free right to sell our natural produce in a market of ninety million people, which greatly needed them, in return for opening our limited market of seven million people, to natural products. Even if the prices were on an equal basis look at the stimulus that would have been given to our producers to produce more and more.

As for the railways that raised so much fuss, might we ask why the C.P.R. built branch lines to Minneapolis and St. Paul in the West? Why did they get connection with Detroit and Chicago in the Middle Territory and why did they extend to Boston in the East? Why did the Canadian Northern railway also form connections with the South in the West?

Then again reciprocity, it was stated, would destroy our packing houses and milling industry by providing competitors for the purchase of Canadian farm produce. Competition being the life of trade we humbly hold the opinion that the Canadian farmer would have benefited. But what about the Canadian packing house man and the miller? Had they become so inured to the benefits of protection afforded him that they could not see beyond their nose? That they could not see the possibility of the great United States market freely opened up to them, or has it to be said that they were craven hearted and afraid to compete with their fellows on even terms?

The annexation cry was supported by this foolishly contradictory argument. If we get this advantage in trade and the Americans later on were to put the screws on by threatening to put an end to the arrangements our people would be tempted to go in for annexation so as to continue in the enjoyment of the benefits. Here we have an admission of the benefits, and likewise a painful admission of weak-kneed loyalty. History ever repeats itself. When the Preference granted by Great Britain to Canada in the days before the Repeal of the Corn Laws was withdrawn, the then Conservative party uttered a bitter wail and followed it by moving the following resolution of remonstrance in the Canadian parliament:

“It is much to be feared that should the inhabitants of Canada

from the withdrawal of preference on its staple produce find that they cannot successfully compete with their neighbours of the United States in the markets open to them, they will naturally and of necessity begin to doubt whether remaining a portion of the British Empire will be of that paramount degree which they have found it hitherto to be."

Another argument was that it was not necessary to enter into an agreement with the United States, as the Democrats were shortly coming into power and they would lower duties without our giving concessions at all. Sir Wilfrid Laurier's reply to this could not have been improved upon. It was to the effect that there was no certainty of the Democrats coming into power and still greater uncertainty about their reducing duties in favour of Canada without equivalent return. But the reciprocity agreement was certain and a bird in the hand is worth two in the bush. Moreover, the removal of the Canadian duties on natural products would be beneficial to the Canadian consumer. Sir Wilfrid said the agreement was entered into by the opposite political party of the United States and it was the first time an opportunity had ever been given to Canada since 1866 to trade freely with their neighbours. If not grasped it might never recur; if rejected the door might be shut for all time. He pointed out also that in addition to getting the free United States market in natural products that freedom of market was given as a preference over other countries.

As it transpired, the Democrats did come into power, and they did substantially lower duties on articles in which Canada was interested, but this reduction was not on the whole as extended or as beneficial as the provisions of the reciprocity agreement. At all events, the Conservatives are not entitled to any credit for the action of the Democratic party. On the contrary, they are greatly blameworthy for not taking full advantage of the United States reduction in duty, particularly by reducing or removing duty from American wheat, which action would at once admit Canadian wheat free into the American market. Wheat is the great staple product of Canada and its free entry into the United States was one of the principal features of the reciprocity agreement. A government has a fair right to impose customs restrictions on what we buy but it is bad business to dictate also as to where producers shall sell.

Manufacturers' Attitude.

The manufacturers' attitude is easily disposed of. They were simply scared. The Liberal Government had given them full justice, had by their tariff and business policy greatly helped to bring about an unparalleled era of prosperity in manufacturing, but yet they were troubled in their souls. They were compelled to admit that the reciprocity agreement only dealt with a very few manufactured articles of trifling importance, but they feared for their privileges, and were afraid that the Canadian farmer would demand the withdrawal of all protection from manufactured goods. "Hold fast to what we have got," was their motto. Notwithstanding their great prosperity brought about by the development of the country, they could not see that increased markets to the farmers would promote agricultural development and thereby stimulate manufacturing. Moreover, they deliberately trampled the farmers under their feet. There

is no question that the farmers of Canada wanted reciprocity. They agitated for it for years, and their representatives, one thousand strong, from the Atlantic to the Pacific, bombarded Parliament in favour of it as late as December, 1910. The reciprocity pact which was consummated was primarily one for their benefit and was an almost complete fulfilment of their request. The manufacturers themselves admitted that the agreement did not affect their wares to any appreciable extent, yet they brutally told the farmers they could not have what they wanted and asked for. Some day we believe the manufacturers will find that they made a great and grave mistake. Unless we seriously misunderstand the temper of the farmers of Canada, they will constitutionally rebel against that sort of dictation.

Taft's Letter.

In the course of the campaign the following passage in a letter written by Mr. President Taft to a friend in the United States gave rise to a great deal of talk:

"The forces which are at work in England and in Canada to separate her (Canada) from the United States by a Chinese wall and to make her part of an Imperial bond reaching from England around the world to England again by a system of preferential tariffs will derive an impetus from the rejection of this treaty, and if we would have reciprocity we must take it now or give it up forever."

Where he got his ideas it is difficult to say, but he certainly was far astray. No one in Canada ever heard of any efforts being made to separate Canada from the United States by a Chinese wall. Stop though! We do remember that that tenth rate, swash-buckling statesman, Rufus H. Pope, as far back as 1902 declared in favour of a Chinese wall all around Canada, but he made no special reference to the United States, he wanted it against every country, including the Mother Country. Another prominent Conservative in Toronto, Guernsey, by name, declared for a Customs Tariff as high as Haman's gallows. Perhaps these were the sources of Mr. Taft's inspiration, or it may be that he had in mind the "adequate protection" policy of the Conservative party.

With regard to the Imperial preferential phase of the famous passage Mr. Taft was apparently not well informed. A preference had already been granted by the Liberals in favour of British goods which operated as a discrimination against the United States. That preference was not touched or interfered with in any way by the operation of the reciprocity agreement, and, generally speaking, it was quite large enough to give the produce of Great Britain a fair advantage in the Canadian market. Any additional lowering of the duties in Great Britain's favour on articles not produced in Canada might give Great Britain too great an advantage to the detriment of our own people, although for other reasons it might be desirable to reduce duties in the interests of the Canadian consumer. This was well illustrated in the case of the preference granted by Canada in favour of West Indian raw sugar. The Canadian refiner and the West Indian planter quarrelled over the question as to who should get the benefit of the preference. A Royal Commission, after investigating the subject, suggested a reduction of the ratio of preference. The true

position in Canada is: "We have given Great Britain a preference, will she ever give us one in her markets in return." There has been no request from Great Britain for a greater preference in our markets. On the contrary, the business men of the Mother Country quite realize that the ratio of the existing preference is, generally speaking, quite sufficient to give them the necessary advantage in the Canadian market over their competitors. Let us illustrate this point.

The preference, roughly speaking, means an advantage to British traders in the Canadian market of about nine or ten dollars on every one hundred dollars of dutiable goods. For instance, if the duty is 35% against the United States, the British preferential rate is $22\frac{1}{2}\%$ or 25%. If it is 30% against the United States, the preferential rate is 20% and sometimes $17\frac{1}{2}\%$. We think we are fair in taking nine to ten dollars on one hundred as the actual advantage to England on the principal lines imported.

Now that is a very substantial advantage which enables the British manufacturers and merchants to overcome the natural advantage which the United States has by reason of contiguity and similarity of market. If the advantage were made more than necessary who would benefit by it? Might it not be that the British manufacturer, keen trader as he is, would want to pocket the excess. We admit that in certain lines it may be shown that the present preference is not sufficient, and we emphasize that by reason of entering into the reciprocity agreement, Canada was not debarred or prevented from granting further preference to Great Britain if she sees fit to do so. Mr. Taft therefore did not accomplish anything in this direction.

Then if we take the other side of the picture, the question of Great Britain granting a preference to Canada, obviously the only preference that would be of value would be on natural products, and that would not interfere in any way with the reciprocity agreement.

The Adjunct Letter.

In the Spring following the reciprocity election, Mr. President Taft made public a letter which he wrote to ex-President Roosevelt on January 10th, 1911, containing the following passage:

"It (reciprocity) might at first have a tendency to reduce the cost of food produce somewhat; it would certainly make the reservoir much greater and prevent fluctuations. Meantime, the amount of Canadian produce we would take would produce a current of business between Western Canada and the United States that would make Canada only an adjunct to the United States. It would transfer all the important business to Chicago and New York, with her bank credits and everything else and it would increase greatly the demand of Canada for our manufactures. I see this is an argument against reciprocity made in Canada and I think it is a good one."

The Conservatives seized upon this like a hungry dog upon a bone. They magnified it, gloated over it and laid the flattering unction to their souls. The phrase that Canada would be made an adjunct to the United States was flaunted in the face of the Liberals. "What did we tell you," they said, "Didn't we say exactly what Mr. Taft wrote in that letter?"

Didn't we tell you to beware of the Yankee—that he had evil designs upon Canada?"

However, "he laughs best who laughs last." Let us analyze the passage. Mr. Taft said that the amount of Canadian produce sold to the United States would produce a current of business between the two countries which would make Canada only an adjunct to the States. It will be obvious at once that the purchases of Canadian produce by the United States was regulated and determined by the United States customs tariff, and that it was quite within the power of the United States at any time, without the formality of an agreement with Canada, to bring about increased sales of Canadian produce in the United States by the simple process of reducing the United States tariff wall. As a matter of fact, the Democrats subsequently did take that action, with the result that there has been a tremendous increase in the exports of Canadian produce to the United States.

Let us examine the details. Cattle and swine were made free of duty in the United States by the Democratic tariff, which went into operation on the 3rd of October, 1913. Taking the eleven months period from November 1st, 1913, to September 31st, 1914, and comparing it with the same period of the previous fiscal year, we find that cattle and swine of a value of \$10,798,992 were exported from Canada to the United States, whereas for the eleven months of the previous year the exports of these animals amounted to only \$1,381,882. Take other articles, if you will, and you will find the same story of large increases as a result of the removal or reduction of duties by the United States.

	Exports for 11 months after U.S. Tariff reduction.	Exports for 11 months before U.S. Tariff reduction.
Fresh Cream.....	\$1,681,922	997,771
Fresh Milk.....	65,306	2,530
Eggs.....	72,346	12,148
Bacon and Hams....	1,477,028	416,314
Horses.....	691,460	462,775

Following Mr. Taft's opinion which was endorsed by Conservatives, this increased current of business will make us an adjunct to the United States. Has it that tendency? If it has, the Conservative party—if they wish to be consistent—must put a stop to it. In view of their ante-election arguments about reciprocity, it is simply amazing that they stand silently by and see the United States, through their action in reducing duties take ever increasing quantities of our produce, which, to quote Conservative doctrine in line with Mr. Taft's opinion, "would make us an adjunct to the United States, and would destroy our inter-Provincial trade and East and West Traffic." Why don't they tell the United States Government that they must put up their tariff wall again, and that if they do not do so the Canadian Government will be forced to impose export duties so as to prevent our being made an adjunct to them. In the light of their anti-reciprocity talk with which they buncoed the electors, they must surely view the increasing sales to the United States with the greatest possible alarm. But are they worrying over it? Not a bit. On the contrary, they are gloating over it. They conveniently forget their pre-election conventions, wink the other eye, and say, the loyalty cry

served its purpose, the inter-Provincial trade and East and West traffic bogies scared the people and as for the railways they can be trusted to look after themselves. In a word, they have swallowed every argument they ever used.

Mr. Taft said also in effect that increased sales of Canadian produce to the United States would greatly increase the demand of Canada for United States manufactures. If he had said that increased sales by Canadians to foreign countries would stimulate agricultural development in Canada and thereby increase the Canadian demand for manufactured articles, his statement would have been more accurate. If the Canadian manufacturers, protected as they are, and the British manufacturers, with a preference in their favour, were wide awake the likelihood is that they would benefit in a much greater degree than the American manufacturer, by such increased Canadian demand for manufactured articles. So far as we can see, the effect of our making increased sales to the United States is, simply, that we get more money from them, and we do what we please with it. We are not required to take our pay for our produce in kind; we get cash for it. We do not have to buy more manufactured articles from the United States because we sell them more natural products. We can buy our supplies of manufactured articles where we please, and if the protected Canadian manufacturer and the British manufacturer are not able to supply us with them, they cannot object if they are bought in the United States.

Effect Upon Canadian Consumer.

But what is the effect upon the Canadian consumer of the one-sided situation whereby a large variety of our natural products are admitted into the United States free of charge or at low rates, whereas the same articles of United States production bear a high duty upon importation into Canada. To answer bluntly, the Canadian consumer is at the mercy of the dealer who can take advantage of the protection to force higher prices. Under reciprocity there would have been a practically free interchange of produce to the advantage of both farmers and consumers on both sides of the line.

The opposition to reciprocity agreement was a denial of the principles of freedom which has made Great Britain the mightiest commercial nation of the world. One can scarcely conceive of the Mother Country refusing a similar arrangement with the United States on articles which Great Britain produces—she would have jumped at it. Maintaining open ports herself, she has ever been in favour of making treaty arrangements to promote trade, as witness the many treaties she now has with other countries in which favoured nation treatment is guaranteed.

Look at Some of the Comments of Some of the Leading British Statesmen and Newspapers.

On February 17, Mr. Lloyd George, Chancellor of the Exchequer, in discussing the reciprocity agreement, said:

“I rejoice that it has been negotiated, and heartily trust it will carry to a successful conclusion. I regard it as a great triumph of common sense and an immense stride in the cause of free trade,

inculcating a step towards the fraternity and co-operation of the English-speaking family."

Mr. A. J. Balfour, the Conservative leader, said in the British House of Commons, Feb. 8, 1911:

"I do not doubt that Sir Wilfrid Laurier is quite glad to have good commercial relations, AND PROPERLY SO, with the United States. We do not quarrel with him for that at all."

Mr. Austin Chamberlain in the same debate said:

"I am glad to see, and I have never doubted that it would be so, that they (the Canadian ministers) intend that, in no case, the duties on American produce be less than the duties on our produce. They desire, also, that whenever possible there should still be a preference to British produce, and THEY MEAN TO KEEP IT SO. I heartily recognize and gratefully acknowledge the spirit in which Sir Wilfrid Laurier, Mr. Fielding and their colleagues have treated this matter, and I note that they at any rate do not think with hon. gentlemen opposite that this agreement is the end of preference and the commercial union of the Empire. ON THE CONTRARY, THEY STILL DESIRE TO MAINTAIN IT. They are maintaining it whenever possible, and they are still willing to go further and give us LARGER PREFERENCE whenever we are prepared to take the first step—which, Sir Wilfrid Laurier said, was ours, not many years ago—to take the first step in creating on our side a mutual preference for Canadian goods in our markets."

At another point in this same speech Mr. Austin Chamberlain used these words:

"Far be it from me to criticise the action, much more the motive, of Canadian statesmen. On the contrary, on the fiscal policy which I and my friends advocate we find ourselves in FAR CLOSER COMMUNION OF SPIRIT WITH CANADIAN MINISTERS than with right hon. gentlemen opposite."

Sydney Buxton, President of the Board of Trade, an important member of the Asquith Government, said:

"The Government could not regret any fiscal arrangement which tended to break down the tariff wall of any particular country, and under which, in this particular case, the trade of Canada, as the Canadians themselves think, would be increased. The Government believed that the greater the trade of Canada, the greater would be the trade of the Empire, and the greater the trade this country would send to Canada. They certainly feel strongly that there was no question involved in this reciprocity agreement of the allegiance and loyalty of the Canadians themselves."

Lord Haldane expresses his belief that reciprocity will be "a very good step in our own interests as well as in the interests of Canada."

Charles E. Mallett, ex-Financial Secretary to the War Office and former member of Parliament for Plymouth, in a paper read before the British Association for the Advancement of Science, on Sept. 5, "strongly

approved the Canadian-American agreement," and declared it would not lead to annexation. Canada's nationality, declared Mr. Mallett, was "too great a living force to-day to be swallowed up in the United States." Mr. Mallett further declared that to attempt to interfere with the agreement would be to ask "the greatest British colony to turn her back on the greatest market in the world." He urged further that "anything which increased the national development of Canada would be a source of Imperial strength."

The Daily News, of London, one of the most reputable and influential of British papers, discussing the political situation in Canada, says:

"The Conservatives profess that reciprocity means ultimate annexation and they appeal to the Canadians as the only true Imperialists. The suggestion that they will sell their independence is a curious compliment to the patriotism of the Canadian people, and there are at least two solid reasons for questioning the sincerity of the Conservative Imperialist profession. THE HOPES OF THE CONSERVATIVES REST UPON THE PROTECTED MANUFACTURERS, AND THESE ARE THE GREATEST ENEMIES OF THE BRITISH PREFERENCE; THEY ARE OPPOSED TO ITS EXTENSION AND CONSTANTLY URGE ITS RESTRICTION. Again, the Conservatives cannot turn the Laurier Government out unless they beat it in Quebec, and to do this they have formed an alliance with the Nationalists. Quebec is the French Province and Mr. Bourassa and Mr. Monk have there formed a French party which is before all things anti-Imperialist. It denounces the Canadian navy and it denounces Sir Wilfrid Laurier's action at the Imperial Conference. To give this party a chance of defeating the Liberals in Quebec, the Conservatives will run no candidates in that Province, but will get their friends to vote with the Nationalists. IT ILL BECOMES A PARTY WITH SUCH ASSOCIATIONS TO CLAIM THE MONOPOLY OF IMPERIAL PATRIOTISM. It is, of course, very early to guess the result of the contest. Reciprocity is believed to be popular in the Prairie Provinces, in the Eastern Provinces, in Quebec, except in the industrial areas, and in Ontario, again except in the industrial areas. A Liberal majority is, therefore, generally anticipated, and if it should prove large, a very heavy blow will have been struck at Canadian Protection and incidentally at corruption in Canadian politics."

Will Benefit England.

The Daily Chronicle says:

"The success of reciprocity means more and larger markets for Canada. Kipling makes the singular remark that nine million Canadians will be handicapped by ninety million Americans. Of course, the opposite is the case. Kipling and other ignorant economists who claim they are capable of thinking imperially, consider there is something disloyal in encouraging the sale of Canadian produce in American markets. Laurier's loyalty is just as unquestioned as is Kipling's and he can speak with authority from his

knowledge of the question. Laurier is the greatest statesman the Dominion has produced, and during his fifteen years' office, growth and prosperity has resulted. Everything which adds to the wealth and prosperity of Canada makes a better market for England and this trade will increase in volume and the Canadian trade in British markets will not only be maintained, but increased."

The truth is that the Conservative attitude was purely political and without regard to the best interests of the country. If the Liberals had told Parliament that they had been offered, and refused, the trade arrangement which they consummated with the United States, a howl would have gone up from the Conservatives that would have raised the roof of Parliament. Just as in 1874, when Sir Charles Tupper was prepared with a free trade speech if the Liberal Finance Minister had acceded to the pressure to increase the tariff, so the Tories of 1911 opposed the Reciprocity Pact more out of a desire to defeat the Liberals than to serve their country.



